

The Order directs an election of two options affecting rates applied to DVDs sent by First-Class Mail. While Postal Service management has not determined which option it will adopt, it is considering establishment of “new equalized rates for letter-shaped and flat-shaped DVD mail.” Order No. 1763 at 39. However, choosing one of the options set forth in the Order requires consideration of financial and operating conditions that could have significant impacts on the Postal Service and its customers. The Postal Service must evaluate how to comply with the Order in a manner that does not unreasonably discriminate against or unduly affect mailers that have not participated in the PRC Docket No. C2009-1 complaint proceedings. Moreover, changes taken to comply with the Order may adversely impact the Postal Service’s already poor financial condition. To minimize the impact on the Postal Service’s financial condition, the Postal Service must analyze the effects in light of available data and assess operational contingencies needed to address potential changes in mailer behavior resulting from the new rates.

Most importantly however, the Postal Service will require clarification of the Order in order to comply. Issues for clarification include, but are not limited to, the rate cap implications (if any) of a classification establishing an equalized rate and the question of to whom the new rates will apply. Without a thorough understanding of these issues there is no way to determine the operational and financial impacts of the new rates. As stated, the Postal Service expects to file a motion seeking clarification and possibly reconsideration of the Commission’s Order very soon.

We understand the Commission’s desire for a swift resolution to this matter. Nevertheless, it would not be in the interests of the Postal Service, or the affected mailers, to proceed without further clarification from the Commission and a careful consideration of the impact of any new rates. Even if clarification were not needed,

however, due to the complexity of the required analyses, and the relative infrequency of important stakeholder meetings, including the absence of important stakeholders due to summer vacations, the Postal Service has determined that it cannot comply with the Commission's Order effectively within the time period required by the Order. In this regard, the Commission's acceptance of the timetable proposed by GameFly should be reconsidered.

Accordingly, the Postal Service requests that the Commission extend the schedule for compliance with the Commission's Order by replacing the date of the Order on Remand (June 26, 2013) with the date of the Order on the Postal Service's impending motion to clarify issues as the baseline for the schedule. If this extension is granted, the deadline for the Postal Service's notice of price adjustment would be 30 days after the Commission's Order on the Postal Service's expected future motion to clarify issues. An extension will enable the Postal Service to obtain clarification from the Commission on important issues, complete necessary economic, financial, and operational analyses, consider stakeholder input, and determine the most effective method for compliance with the Commission's Order.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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